

Press Release

Issuer of Real Estate Investment Trust Securities

MORI TRUST Sogo Reit, Inc.

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Executive Director

(TSE code 8961)

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Notice of Changes Associated with Merger of Asset Management Companies

Tokyo, February 25, 2019 – It is hereby announced that there will be changes made in the organizations of Mori Trust Asset Management Co., Ltd. (“MTAM”) as of March 1, 2019, the effective date of the merger stated in the “Notice of Conclusion of Merger Agreement of the Asset Management Company, Mori Trust Asset Management Co., Ltd.” (“Press Release regarding Merger Agreement”) announced on December 14, 2018. The changes are associated with the merger between MTAM, the asset management company which manages assets on behalf of Mori Trust Sogo Reit, Inc. (“MTR”) and Mori Trust Hotel Asset Management Co., Ltd. (“MTHAM”), the asset management company of Mori Trust Hotel Reit, Inc. (“MTH”; MTH and MTR shall be hereinafter collectively referred to as the “Entrusting Investment Corporations”) (“the Merger”; MTAM after the Merger shall be hereinafter referred to as the “Post-Merger Company”). Details are as follows.

1. Changes in the structure of the Post-Merger Company

(1) Changes in the organizations of the Post-Merger Company

To facilitate the asset management of the Entrusting Investment Corporations, the Post-Merger Company will establish the Sogo REIT Management Division and Hotel REIT Management Division as organizations encompassing the respective Entrusting Investment Corporation. Each business operation will be assigned to the Strategic Management Department, Investment Management Department, Planning & Finance Department and Compliance Officer within the respective REIT Management Division.

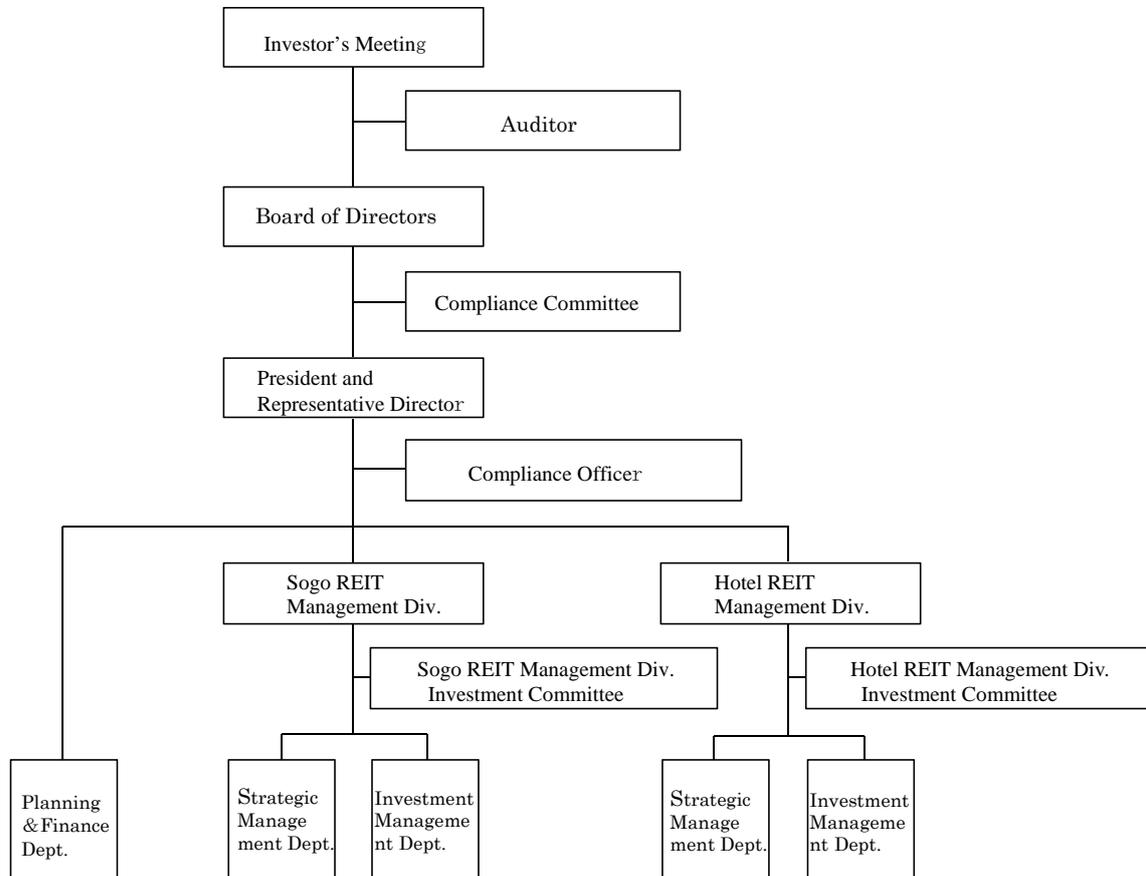
In addition, to ensure the greater effectiveness of deliberations and enable further advancements in the control environments for legal compliance, the Investment Committee will be established in each REIT Management Division as an organ for carrying out deliberation on asset management and the Compliance Committee will be set up as an organ for carrying out deliberation on compliance matters in place of Risk

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Management Committee.

The organizational chart of the Post-Merger Company is shown below



(2) Outline of the duties of each organization and committee of the Post-Merger Company

An outline of the duties of each organization and committee within the Post-Merger Company is as follows. (Hereinafter, only matters concerning the operation of MTR are described.)

(i) Outline of the duties of organizations and persons

Organization or person	Outline of main duties
Planning & Finance Department	(i) Matters concerning corporate strategy and planning (ii) Matters concerning the Shareholders' Meeting and Board of Directors' meeting (iii) Matters concerning general affairs, personnel affairs and accounting (iv) Matters concerning government ministries and agencies and industry associations (v) Matters concerning funding and investment (vi) The following matters concerning MTR (A) Matters concerning funding (consideration and management of investment corporation bonds and borrowing from financial institutions, etc.) and investment of surplus funds (B) Matters concerning administrative work related to institutional operations

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	<p>(C) Matters concerning accounts</p> <p>(D) Matters concerning information disclosure (Annual Report, Summary of Financial Results, etc.)</p> <p>(vii) Other matters that do not belong to any of the other departments</p> <p>(viii) Other matters incidental to (i) through (vii) above</p>
Sogo REIT Investment Division Strategic Management Department	<p>(i) Matters concerning financial policies, etc. of MTR (MORI TRUST Sogo REIT Investment Corporation Management Guidelines (See Note) and other investment plans)</p> <p>(ii) Matters concerning MTR's general financial strategy and funding (judgments on borrowing from financial institutions, etc. and investment units)</p> <p>(iii) Matters concerning MTR's IR and information disclosure (support relating to presentation materials, TSE timely disclosures, and information disclosures by the Planning & Finance Department)</p> <p>(iv) Other matters incidental to (i) through (iii) above</p>
Sogo REIT Investment Division Investment Management Department	<p>(i) Matters concerning MTR's investment policies, etc. (MORI TRUST Sogo REIT Investment Corporation Management Guidelines, asset management plans and other investment plans, etc.)</p> <p>(ii) Matters concerning MTR's acquisition and transfer of assets</p> <p>(iii) Matters concerning the leasing and management (asset management) of MTR's assets</p> <p>(iv) Other matters incidental to (i) through (iii) above</p>
Compliance Officer	<p>(i) Matters concerning oversight of compliance in all aspects of business</p> <p>(ii) Matters concerning compliance program and compliance manual</p> <p>(iii) Matters concerning enactment, revision and abolition of internal rules and regulations</p> <p>(iv) Matters concerning complaints, etc.</p> <p>(v) Matters concerning internal audits</p> <p>(vi) Matters concerning management of corporate information</p> <p>(vii) Matters concerning general risk management</p> <p>(viii) Other matters incidental to (i) through (vii) above</p>

(Note) Effective March 1, 2019, the Asset Management Rules that are applied to asset management business entrusted by MTR were renamed the MORI TRUST Sogo Reit Investment Corporation Management Guidelines.

(ii) Outline of committees

Sogo REIT Management Division Investment Committee

Members	The committee is made up of the Head of Sogo REIT Management Division, General Manager, Investment Management Department, Sogo REIT Management Division, the General Manager, Strategic Management Department, Sogo REIT Management Division, the Director in charge of Planning & Finance Department, the General Manager of the Planning & Finance Department, the Compliance Officer and other persons nominated by the Board of Directors. Provided, however, that when the matters to be deliberated or resolved fall under matters to be deliberated (i) through (v) below, at least one outside member (limited to a person who has no interest in the Asset Management Company or a case being handled by the Asset Management Company) who is qualified as a real estate appraiser shall also be a member in addition to the foregoing.
Chairperson	Unless otherwise determined by the Sogo REIT Management Division Investment Committee, the Head of Sogo REIT Management Division shall preside as the chairperson at meetings of the Investment Committee. If Head of Sogo REIT Management Division is unable to do so, one of the other members of the Sogo REIT

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	Management Division Investment Committee in the order determined in advance by the Sogo REIT Management Division Investment Committee shall act as chairperson.
Meeting frequency	Committee meetings shall be held in principle once a month; provided however that a meeting shall be held in a timely manner if deemed necessary by the chairperson.
Matters to be deliberated	<p>Matters to be deliberated shall be the following matters concerning MTR's asset management.</p> <ul style="list-style-type: none"> (i) Matters concerning the establishment and amendment of investment policies and financial policies (ii) Matters concerning the establishment and amendment of MORI TRUST Sogo Reit Investment Corporation Management Guidelines (iii) Matters concerning decisions to acquire and transfer assets (iv) Matters concerning asset management that concern transactions with interested parties as defined in the Rules for Transactions with Interested Parties (excludes matters that, according to the Rules for Transactions with Interested Parties, do not require deliberation) (v) Matters concerning the establishment and amendment of asset management plans and investment plans, etc. (vii) Matters concerning funding (borrowing from financial institutions, etc.) (viii) Other matters concerning asset management
Method of deliberation	Resolutions of the Sogo REIT Management Division Investment Committee shall be passed by unanimous agreement of all members present at a meeting at which a majority of its members are present (includes presence via video conferencing or teleconferencing. When matters for deliberation and resolution fall under matters for deliberation (i) through (v) above, the Compliance Officer and any external members must be present at the meeting.) When an issue was identified in the process of deliberation of an agenda item by the Sogo REIT Management Division Investment Committee, the Sogo REIT Management Division Investment Committee shall order referral of the agenda item to the relevant business unit. Provided, however, that when a compliance-related issue was identified in the process of deliberation of an agenda item by the Sogo REIT Management Division Investment Committee, the Sogo REIT Management Division Investment Committee shall order referral of the agenda item to the Compliance Committee. When there are compliance-related concerns regarding an agenda item, the Compliance Officer may suspend the deliberations of the Sogo REIT Investment Division's Investment Committee on the agenda item. Furthermore, when there are compliance-related concerns regarding an approved agenda item, the Compliance Officer may refer the approved agenda item back to Sogo REIT Management Division Investment Committee and instruct the Sogo REIT Management Division Investment Committee to deliberate the agenda item again or withdraw it.

Compliance Committee

Members	The committee is made up of the President, Directors (including part-time Directors), the Compliance Officer and at least one external member who is a person qualified as an attorney-at-law or a certified public accountant or a person otherwise deemed to be well-informed about compliance (limited to a person who has no interest in the Asset Management Company or a case being handled by the Asset Management Company).
Chairperson	Unless otherwise determined by the Compliance Committee, the Compliance Officer shall preside as the chairperson at meetings of the Compliance Committee. If the Compliance Officer is unable to do so, one of the other members of the Compliance Committee in the order determined in advance by the Compliance Committee shall act as chairperson.

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Meeting frequency	Committee meetings shall be held in principle once every three months; provided however that a meeting shall be held in a timely manner if deemed necessary by the chairperson.
Matters to be deliberated	<p>(i) Matters concerning MTR</p> <p>(A) Matters concerning asset transactions with interested parties as defined in the Rules for Transactions with Interested Parties (excludes matters that, according to the Rules for Transactions with Interested Parties, do not require deliberation)</p> <p>(B) Matters concerning the establishment of investment policies and financial policies and the amendment of material matters in these policies</p> <p>(C) Matters concerning the establishment of the MORI TRUST Sogo Reit Investment Corporation Management Guidelines and the amendment of material matters therein</p> <p>(D) Matters concerning the establishment of asset management plans and investment plans, etc. and the amendment of material matters in these plans</p> <p>(E) Other matters judged by the Compliance Officer to require deliberation</p> <p>(ii) Material matters concerning compliance at the Asset Management Company</p>
Method of deliberation	<p>Resolutions of the Compliance Committee shall be passed by unanimous agreement of all members present at a meeting at which a majority of its members are present (includes presence via video conferencing or teleconferencing. The Compliance Officer and any external members must be present at the meeting.)</p> <p>The Director who is in charge of the Hotel Management Division shall not have the right to vote on matters to be deliberated and resolved concerning the Sogo REIT Management Division of which he or she is not in charge (only matters that fall under (i) of Matters to be deliberated above).</p> <p>The chairperson may ask persons other than the members of the Compliance Committee to attend meetings of the Compliance Committee and ask them to express their opinions and give explanations if deemed necessary.</p>

2. Revision of the structure of decision-making in investment management

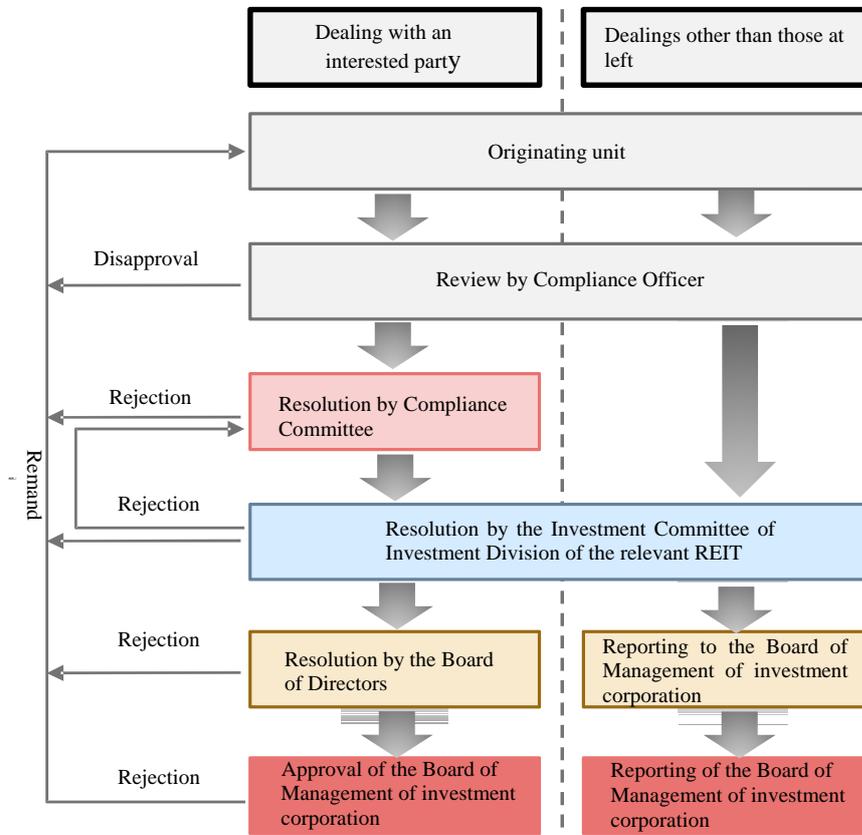
In acquiring or transferring properties for an individual investment corporation from which asset management is entrusted, a plan will be originated by a responsible unit and, with the approval of the Compliance Officer, will be resolved by the Investment Committee of Investment Division of the relevant REIT. The adoption of a resolution of the Investment Committee of Investment Division of the REIT will be subject to attendance and approval of external members who are non-interested parties.

If any transaction falls under a party-in-interest transaction, it will be subject to the approval of the Compliance Committee and the Investment Committee of Investment Division of the relevant REIT and will be resolved by the Board of Directors. Subsequently, approval of the Board of Management of the investment corporation will be obtained.

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A flow chart for decision-making is shown below.



3. Changes in the rules for regulatory compliance, stakeholders, etc.

(1) System for preventing conflicts of interest

In light of the possibility of competition arising for opportunities to acquire hotel properties (meaning real estate, etc. used in its entirety or in part as hotels, inns, etc. and ancillary facilities thereof) between the Entrusting Investment Corporations, the Post-Merger Company will set new “Standards for preventing competition, etc. between customers regarding property acquisition” (the “Standards”) in order to establish a priority with respect to examining property acquisition based on information on hotel properties obtained from a third party other than its sponsor, Mori Trust Co., Ltd., and some Group companies, thereby deterring the arbitrary allocation of property information between the Entrusting Investment Corporations and preventing conflicts of interest. Regarding the validity of the examination priority judged according to the Standards, verification (confirmation) shall be conducted by Compliance Officer.

For details about the Standards, please also refer to 3. System for preventing conflicts of interests, Press Release regarding Merger Agreement.

(2) Acquisition and transfer of real estate, etc. from and to interested parties

Regarding acquisition prices (Note) and transfer prices (Note) of real estate, etc. from and to interested

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parties, the following shall apply.

- The acquisition price of real estate, etc. per property shall be no more than the appraisal value determined by a licensed real estate appraiser, in principle. When the acquisition price exceeds the appraisal value, an explanation of reasons for justifying the price shall be required (provided, however, the acquisition prices shall be limited to 110% of the appraisal value at maximum.)
- The transfer price of real estate, etc. per property shall be no less than the appraisal value determined by a licensed real estate appraiser, in principle. When the transfer price is below the appraisal value, an explanation of the reasons justifying the price shall be required (provided, however, the transfer prices shall be limited to 90% of the appraisal value at minimum.)

(Note) Taxes, acquisition / transfer costs, etc. shall be excluded.

4. Change of Directors

MTAM passed a resolution at the extraordinary general meeting of shareholders held today to elect a new Director. In addition, it received notices of resignation from two Directors. The status of Directors of the Post-Merger Company is as described in (3) below.

(1) Incoming Director (as of March 1, 2019)

Director Amane Sakamoto

* Please refer to attached sheet for the brief career summary of the incoming Director.

(2) Resigning Directors (as of March 1, 2019)

Director Hiroshi Naito

Director Yasunari Nakayama

(3) Status of Directors of the Post-Merger Company (as of March 1, 2019; scheduled to be elected at a meeting of the Board of Directors on that day)

President and Representative Director

Michio Yamamoto

Representative Director, Chief Operating Officer (COO),

Head of Sogo REIT Management Division

Masayuki Yagi (Note)

Representative Director, Chief Operating Officer (COO),

Head of Hotel REIT Management Division

Amane Sakamoto (Note)

(Note) MTAM will file these persons as important employees.

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5. Change in important employees (as of March 1, 2019)

MTAM passed a resolution at the meeting of the Board of Directors held today to change important employees, as follows.

Name	New position title	Old position title
Hiroshi Naito	General Manager, Strategic Management Department, Sogo REIT Management Division	Director & General Manager, Planning & Finance Department, MTAM
Yasunari Nakayama	General Manager, Investment Management Department, Sogo REIT Management Division	Director & General Manager, Investment Department, MTAM
Nobuyuki Aizawa	General Manager, Strategic Management Department, Hotel REIT Management Division	Director & General Manager, Planning & Finance Department, MTHAM
Takuya Yamazaki	General Manager, Investment Management Department, Hotel REIT Management Division	Director & General Manager, Investment Department, MTHAM
Seisaku Ito	Compliance Officer	Compliance Officer, MTHAM
Toru Katayama	—	Compliance Officer, MTAM

6. Future plans, etc.

For this transaction, the asset management company will perform the necessary procedures such as filing reports in accordance with the Financial Instruments and Exchange Act, the Building Lots and Buildings Transaction Business Act, and other applicable laws and regulations. The matters that are yet to be determined, which are required to be disclosed, will be disclosed as soon as they are determined.

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Attachment

Brief career summary of the incoming Director

Position	Name	Main career summary	
Representative Director, Chief Operating Officer (COO), Head of Hotel REIT Management Division	Amane Sakamoto	April 1993	Joined the Long-Term Credit Bank of Japan, Limited (present Shinsei Bank, Limited)
		March 2000	Joined the Industrial Bank of Japan, Limited (present Mizuho Bank, Limited)
		May 2001	Seconded to Mizuho Securities Co., Ltd.
		April 2002	Joined Mizuho Securities Co., Ltd.
		April 2011	Deputy General Manager, Real Estate Finance Department I, Mizuho Securities Co., Ltd.
		April 2015	General Manager, Markets Solutions Department, Mizuho Securities Co., Ltd.
		April 2016	Seconded to MORI TRUST Hotel Asset Management, Co., Ltd. Managing Director, MORI TRUST Hotel Asset Management, Co., Ltd.
		June 2017	President and CEO, MORI TRUST Hotel Asset Management, Co., Ltd.
		July 2017	Permanently transferred to MORI TRUST Hotel Asset Management, Co., Ltd. (present post)
		November 2017	Executive Director of MORI TRUST Hotel Reit, Inc. (present post)
March 2019	Representative Director, Chief Operating Officer (COO), Head of Hotel REIT Management Division, MORI TRUST Asset Management, Co., Ltd. (scheduled)		

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